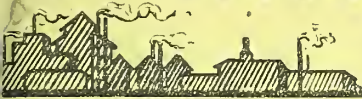


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SHORTS & FEATURES



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AGRICULTURE LED NATION IN RECOVERY DURING 1935

1935, a year of increased farm income and

buying power, was marked by a shift

from emergency adjustment measures aimed at removing burdensome surpluses to longer-range methods in keeping with the principles of good farming, with special emphasis on soil conservation and improvement.

One of the important developments of the year was the increasing trend toward balance, away from the purely emergency effort to get rid of surpluses. Aside from the lifting of wheat restrictions, hog adjustment last year was only 10 percent below the base. At the close of the year the wheat carryover was about normal, hog supplies were low because of drought, carryovers of flue-cured tobacco and some other types were about normal, and the cotton carryover, though still high, was about 9 million bales as compared with almost 13 million in 1932.

Over 31,000,000 acres that had been producing surplus basic crops were put to other uses during 1935 under the terms of adjustment contracts. More than three-quarters of this total was used for pasture and meadow crops, legumes and grasses, and emergency hay and roughage crops. The use of the adjusted acres thus gave a powerful impetus to the movement to improve the soil and protect it from erosion. It is estimated that less than 15 percent of the adjusted acreage was fallowed or left to natural growth. In the South many additional rented acres were planted to home gardens and to other food and feed crops for home use only.

The following calendar records briefly some of the important steps in adjustment last year:

- JANUARY Results of previous month's vote by growers of four types of tobacco on whether to continue Kerr-Smith Tobacco Act announced: 96.5 percent of flue-cured acreage voted, 99.1 percent in favor; 94.8 percent of Burley acreage voted, 95.5 percent in favor; 92 percent of fire-cured acreage voted, 92.7 percent in favor; 93.8 percent of dark air-cured acreage voted, 92.5 percent in favor. Emergency drought cattle program brought to conclusion after purchase of more than 8,290,000 head. More than a billion pounds of meat provided for relief.
- FEBRUARY Rye growers request adjustment program. AAA decides to continue corn loan plan. Distribution began of 19,000,000 bushels of seed for benefit of drought states. 87.4 percent of cigar leaf tobacco acreage voted in referendum on continuing Kerr-Smith Act, 88.9 percent in favor.
- MARCH To meet possible drought, restrictions on planting spring wheat removed on condition growers make corresponding decreases next year. Rice adjustment programs instituted for Southern states and California.
- APRIL Study of carlot shipments from 16 northeast industrial states to 10 southeastern agricultural states shows 38.8 percent increase during first year adjustment programs were in operation.
- MAY Wheat growers hold referendum on whether to continue adjustment; 404,417 vote in favor of continuing program and 62,303 against. Percentage of 86.6 in favor of continuing wheat adjustment.
- JUNE 83.3 percent of flue-cured tobacco growers vote on whether to continue adjustment program; 98.2 percent of them favor having new program. Report on 1934 wheat program shows local administrative costs averaged 1.42 cents per bushel of each signers' domestic allotment. (Local administrative costs were taken out of signers' benefit payments.)
- JULY Rye growers meet in Washington and outline adjustment program. Wheat growers meet and suggest points for new contract. 171,690 growers of Burley, fire-cured, dark air-cured and cigar filler and binder tobacco vote on whether they want new adjustment programs; 62.8 percent of Burley growers voted, 93.4 percent of voters favor new program; 63 percent fire-cured growers voted, 92 percent in favor; 72.3 percent of dark air-cured-growers voted, 92.8 percent in favor; 74.3 percent of the cigar filler and binder growers voted, 94.1 percent in favor.

AUGUST Congress passes amendments to Adjustment Act, which include provision for ever-normal granary plan, administrative orders instead of licenses to supplement marketing agreements, and which definitely describe and limit powers of Secretary of Agriculture under Adjustment Act. Administrator Davis predicts the first billion-dollar cotton crop since 1929. Cotton loan at rate of 10 cents per pound, with price adjustment payment to assure growers of 12 cents per pound announced.

SEPTEMBER Public hearing on need for new corn-hog program held, AAA begins preparations to handle potato program as directed in Potato Act of 1935.

OCTOBER 941,000 corn and hog farmers vote about 6.3 to 1 in referendum to continue adjustment. Four-year adjustment program approved for rye harvested as grain. 45-cent per bushel corn loan announced; 100 percent collection of 1933 and 1934 loans reported.

NOVEMBER Report of surplus removal operations since AAA began shows that out of about \$204,000,000 spent, \$187,000,000 has been or will be recovered either in cash or in value of farm commodities distributed to relief. New four-year voluntary cotton adjustment contract announced.

DECEMBER New 2-year corn-hog adjustment contract announced.

Bureau of Agricultural Economics tentatively sets gross income from farm production at \$8,110,000,000, as compared with \$7,266,000,000 for 1934, and \$5,337,000,000 for 1932. AAA rental and benefit payments contribute about \$480,000,000 to farm income in 1935 as compared to \$594,000,000 in 1934.

4 OUT OF 10 OWE JOBS TO FARM IMPROVEMENT According to Secretary of Agriculture Henry A.

Wallace, there is evidence showing that out of every 10 persons re-employed in urban industry since the spring of 1933, four owe the recovery of their jobs to improvement in the farm situation and increased farm buying.

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MAJOR PART EXPORTS LOST BEFORE 1933 The acreage required at average yields to supply foreign purchases of U. S. agricultural products dropped from 84,000,000 in 1920-21 to about 39,000,000 by 1933.

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ADJUSTMENTS AFFECT ONLY SURPLUS PORTION OF CROPS Under adjustment programs agriculture has restricted production only of those crops

for which a satisfactory export market was no longer available. Even so, agriculture has been more productive than industry, producing 88 percent of the 1929 level in the drought year of 1935, whereas industry produced only 74 percent.

BASIC CROPS CONTRIBUTE
MOST FARM INCOME GAIN

Crops and livestock for which adjustment programs have been in effect have contributed

the largest share of the marked increase in farm cash income that has taken place during 1933 and 1934, according to an analysis by the AAA.

In 1933 programs were inaugurated for the adjustment of wheat, cotton and tobacco acreage, and in addition an emergency purchase program was set in motion to remove surplus pigs and sows. These four commodities had contributed about 26 percent of all farm cash income in 1932. During 1933 -- the first year of adjustment -- farm cash income increased from the low of \$4,377,000,000 reached in 1932 to \$5,409,000,000. Included in the latter figure was \$278,000,000 in rental and benefit payments to farmers, cotton option profits, and payments for emergency purchase of hogs. Of the total gain of \$1,031,896,000 in cash income in 1933, the income gains for wheat, cotton, tobacco and hogs, including rental and benefit payments, was \$709,485,000. Thus commodities for which adjustment was undertaken contributed about 68 percent of the gain, and income from these commodities in 1934 represented more than 34 percent of all cash farm income, as compared to 26 percent in the previous year.

In 1934, the major adjustment programs in effect were those for corn-hogs, wheat, cotton, tobacco, sugar beets and sugar-cane, and a cattle-buying program was placed in operation to meet the emergency created by the severe drought. In 1932 these eight commodities made up 42 percent of all farm cash income. In 1934 total farm cash income from farm production increased to \$6,266,709,000 -- a gain of more than \$1,889,000,000 over 1932.

Including \$700,000,000 in rental and benefits and drought cattle purchases, crops and livestock for which major programs were in effect scored income advances of \$1,226,749,000 -- or 64.9 percent of the total increase. Whereas these commodities in 1932 had contributed 42 percent of total farm cash income, in 1934 they contributed more than 49 percent.

FARM PRICES 87
PERCENT PARITY

Prices received by farmers for their products as of
November 15, 1935, averaged 87 percent of parity, or

fair-exchange value, an advance of 1 percent over the previous month, and 9 percent higher than at this date a year earlier. Of the fifteen farm products listed as "basic" under the Agricultural Adjustment Act, only two types of tobacco, and milk retailed directly by farmers, were above fair exchange levels. This does not take into account, however, the effect of rental and benefit payments as applied to the price of the domestically consumed portion of various crops on which such payments are made. The table below gives the status on December 15 of the basic farm products as to farm price, current prices which would give them fair-exchange value, and the percentage the farm price is of fair exchange value. Adjustment programs are in effect, or are being initiated at this time, for the first 10 commodities listed:

<u>Commodity</u>	<u>U.S. Farm Price</u>	<u>Parity Price</u>	<u>Percentage Farm Price is of Parity</u>
Wheat, bu.	90.1¢	\$1.11	81
Corn, "	53.0¢	80.9¢	66
Rye, "	40.0¢	90.7¢	44
Rice, "	70.1¢	1.02	68
Cotton, lb.	11.4¢	15.6¢	73
Tobacco, lb. <u>1/</u>			
Flue-cured	16.7¢	18.2¢	92
Fire-cured	10.7¢	10.3¢	104
Burley	19.6¢	16.9¢	116
Maryland	15.0¢	17.5¢	86
Dark air-cured	6.9¢	8.5¢	81
Peanuts, lb.	3.0¢	6.0¢	50
Hogs, lb.	8.72¢	9.1¢	96
Sugarcane and beets	(Not reported by months)		
Potatoes, bu.	64.2¢	86.5¢	74

Barley, bu.	37.5¢	78.0¢	48
Flaxseed, bu.	\$1.56	\$2.13	73
Cattle (beef) lb.	6.14¢	6.56¢	94
Whole milk (retail) <u>2/</u>	9.9¢	8.6¢	115

1/ Types being sold in months reported.

2/ Retailed directly by farmers.

No report for grain sorghums.



